

OHIO CASINO CONTROL COMMISSION
MEETING MINUTES
10:00 A.M. – March 16, 2016
RHODES TOWER, LOBBY HEARING ROOM
30 W. BROAD STREET
COLUMBUS, OHIO 43215

The regular meeting of the Ohio Casino Control Commission (OCCC) was called to order at 9:59 a.m. by Chair Davidson. Commissioners McKinley Brown, Martin Hoke, Will Lucas, Ranjan Manoranjan, and John Steinhauer were also in attendance. Commissioner Taylor had an excused absence. The minutes of the February 17, 2016 meeting were approved following a motion by Commissioner Lucas, seconded by Commissioner Steinhauer.

Executive Director Schuler began his report announcing that, to date, the Commission had granted over 8,000 initial casino gaming employee licenses. Since the Commission's inception, a total of 9,976 licenses have been granted or renewed. Mr. Schuler indicated that by the end of the week, the Commission will have surpassed 10,000 licenses.

Mr. Schuler reported that the recent annual Responsible Gambling Conference was a success, with over 200 individuals in attendance. Mr. Schuler also reported the Commission would be sending a letter to the editor from Chair Davidson to local newspapers across the state, in an effort to help spread the problem gambling message.

Next, Mr. Schuler reported OCCC staff had recently hosted a Gaming Law Symposium event, organized by Mr. Matt Oyster. The Symposium was well-received, and featured such topics as fantasy sports, illegal casinos, anti-money laundering, and responsible gambling.

Mr. Schuler then provided a budget update for FY 2016. Mr. Schuler reported total revenue was above estimates for second month of the third quarter. Mr. Schuler explained that although vendor revenue was lower than expected for the quarter, there were more Key Employee license fees than originally budgeted due to the staffing of the Cleveland and Cincinnati properties as they transition to JACK Entertainment. Additionally, casino revenue was above estimate, and casino gaming employee revenue was up for the quarter, making up for the lower revenue seen in the first two quarters. Spending was also noted to have been below estimates for the quarter. Mr. Schuler recapped that the Commission budget was on solid footing.

Mike Masterson, Director of Enforcement, provided an update on the Commission's recent investigations of illegal casinos. Mr. Masterson reported that, to date, the Commission has received 107 tips regarding illegal casinos, with 37 already received for 2016. Mr. Masterson reported the Commission's Division of Enforcement has a total of 24 active illegal casino investigations. In April 2015, the Commission launched an investigation into Spinners, after receiving a complaint that the business was paying out cash, in violation of Ohio law. Mr. Masterson reported Stephen Cline, the owner of Spinners, had recently pled guilty to one felony count of money laundering and operating an illegal casino. Most recently, this month search warrants were served upon one business and one residence affiliated with Roc-In Skill Games, after receiving a tip that the business was operating machines that paid out cash prizes, in violation of Ohio law. Mr. Masterson reported gaming machines, cash and documents were seized during the operation, and that the investigation is ongoing.

Mr. Schuler ended his report, recognizing Mike Guarino (the Commission's first financial auditor to be embedded at a casino) for his service.

Mr. Matt Oyster, Director of Licensing and Investigations, then presented the renewal application of Everi Payment, Inc. (Everi). Everi was granted an initial Gaming-Related Vendor License by the Commission on March 20, 2013, at which time related officers and directors of the company were licensed as Key Employees. On December 21, 2015, Everi filed its application with the Commission requesting renewal of its Gaming-Related Vendor License. Key Employee renewal applications were also submitted for six key employees. The Division of Licensing and Investigations conducted suitability background investigations of Everi and its key employees and recommended approval. Mr. Oyster recommended approval of Commission Resolution 2016-08, granting renewal of a three-year Gaming-Related Vendor License to Everi and three-year Key Employee Licenses to six key employees listed in the Resolution. Commissioner Manoranjan made a motion to adopt Commission Resolution 2016-08, approving the license. The motion was seconded by Commissioner Brown and approved.

Mr. Oyster then presented Key Employee renewal applications for two individuals. The OCCC Division of Licensing and Investigations had completed a background investigations of the applicants and recommended approval. Mr. Oyster recommended approval of Commission Resolution 2016-09, granting a three-year key employee license to Amy Kuzdowicz, Hollywood Casino Toledo, and Angela Mabbit, Hollywood Casino Toledo. A motion to approve the Resolution was made by Commissioner Brown. The motion was seconded by Commissioner Hoke and approved.

Mr. Oyster then presented Key Employee licenses for seven individuals. The OCCC Division of Licensing and Investigations had completed background investigations of the applicants and recommended approval. Mr. Oyster recommended approval of Commission Resolution 2016-10, granting three-year key employee licenses to Ryan Marquardt, Hollywood Casino Toledo, Gregory DeMarco, Hollywood Casino Columbus, Mark Tricano, Horseshoe Casino Cleveland, Janine Valvoda, Horseshoe Casino Cleveland, Alberto Fornaro, IGT, Thomas Rafferty, Interblock, and David Smail, Bally Gaming. A motion to approve the Resolution was made by Commissioner Lucas. The motion was seconded by Commissioner Manoranjan and approved.

Next, Mr. Schuler recognized Dan Reinhard of JACK Entertainment, to provide the Commissioners with a transition update of the Cleveland, Cincinnati, and Thistledown properties. Mr. Reinhard reported JACK Entertainment recently announced the new names of their Ohio properties, JACK Cleveland, JACK Cincinnati, and JACK Thistledown. Mr. Reinhard reported the re-opening of the Thistledown property to JACK Thistledown went fairly smoothly. It was noted this re-opening was a great first test in the transition process, and a lot was learned that will be used for the re-opening of the Cleveland and Cincinnati properties as JACK facilities. The grand re-opening of the Cleveland property was noted to be slated for May 2016.

Commissioner Steinhauer had questions related to the December refinancing proposal that were confidential in nature. Accordingly, Chair Davidson made a motion to go into executive session pursuant to R.C. 121.22(G)(5), stating the following: "Discussion of JACK Ohio LLC's financial and corporate conditions include matters that are required to be kept confidential by state statute. In particular, this discussion requires disclosure of financial and trade secret information that is deemed confidential under R.C. 3772.16(A)(9) and (12), respectively. Accordingly, I move to go into executive session

pursuant to R.C. 121.22(G)(5).” The motion was seconded by Commissioner Hoke and adopted by a roll call vote 6-0.

The Commission moved into Executive Session at 11:01 a.m.

The regular meeting of the Commission resumed at 12:14 p.m., and moved onto the next Commission agenda item, rules for initial filing. Michelle Siba, OCCC Deputy General Counsel, reviewed proposed amendments to existing rules, for initial approval. A motion to move to adopt the initial rules and amendments was made by Commissioner Hoke. The motion was seconded by Commissioner Steinhauer and adopted.

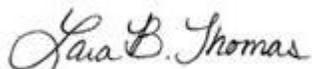
Patrick Martin, OCCC Director of Regulatory Compliance, presented to the Commission for consideration, initial internal controls for JACK Cleveland Casino. Proposed Information Technology, Slot Operations, and Tips and Gratuities plans had been reviewed and recommended by the OCCC staff. Mr. Martin reported that fourteen more plans would need to be approved prior to the anticipated grand opening of the JACK Cleveland casino. It was also noted that the JACK Cincinnati property internal plans were anticipated to come before the Commissioners in May. Commissioner Steinhauer made a motion to approve the proposed internal controls. The motion was seconded by Commissioner Lucas and approved.

Mr. Martin then presented to the Commission for their consideration, amendments to Internal Controls being requested by the Hollywood Columbus Casino (HCO) and the Hollywood Toledo Casino (HCT). All the proposed changes had been reviewed and recommended by the OCCC staff.

- HCO sought mostly organizational changes to nine plans, including General, Accounting, Player Services, Information Technology, Internal Audit, Marketing, Security, Slots, and Tables. The majority of changes involved designating the positions that satisfy O.A.C. 3772-10-03’s required position listing, which allow the Licensing and Compliance teams to ensure positions are filled and are performing duties within their bounds. Commissioner Hoke made a motion to approve the proposed changes. The motion was seconded by Commissioner Lucas and approved.
- HCT sought changes to its General, Accounting, Marketing, and Table Games plans. Importantly, HCT defined the roles between Compliance Officer and Director of Compliance within its General section, to mirror concurrent changes in HCO’s plans. Additionally, HCT self-initiated a review of its poker controls and offered some agreeable changes. Commissioner Manoranjan made a motion to approve the proposed changes. The motion was seconded by Commissioner Brown and approved.

There being no further business before the Commission, the meeting was adjourned.

Signed,



Lara B. Thomas
Commission Secretary

Approved: April 20, 2016